

OCT 12 2001

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510

Dear Mr. President:

I am writing regarding the Fiscal Year 2001 National Defense Authorization Act provision on Major Headquarters Activities. We are committed to transforming the Department to a leaner, more flexible and lethal force, better able to deal with the challenges of today's world. We share Congress' concerns that Defense headquarters activities must also be reconfigured, freeing resources to meet operational needs. In support of the Congress' intent, the Secretary has directed in the Defense Planning Guidance for Fiscal Years 2003-2007 that the Office of the Secretary of Defense, the Joint Staff, and all Defense Agency, Regional and Functional Command, and Military Department headquarters staffs be reduced by 15 percent from the Fiscal Year 1999 baseline.

Past streamlining attempts often focused on short-run results, yielding simply smaller, less capable versions of existing management structures. To achieve meaningful, operationally focused streamlining of Defense activities, the Secretary has directed a comprehensive review of major headquarters activities throughout the Department, to delayer and consolidate similar capabilities, both within and among Components. The Secretary, together with the Chairman of the Joint Chiefs, has also initiated a review of the Unified Command Plan. One of the principal objectives is to flatten, reduce, and consolidate our global headquarters commands. Indeed, we have already begun: as of October 1, 2001, this Department's major headquarters population had decreased by 3.5 percent from Fiscal Year 1999.

Consistent with our long-term approach, the Secretary is exercising his authority under paragraph (g)(1)(B) of Title 10, Section 130a, to waive the Department of Defense major headquarters reduction for Fiscal Year 2001 from 10 percent to that already achieved. An immediate reduction of 10 percent, before we can put our long-term plan into place, would adversely impact national security, especially in the face of recent National events.

A similar letter is being sent to the President of the Senate, the Speaker of the House, and the leadership of the House and Senate Armed Services Committees and the Defense Subcommittees of the House and Senate Appropriations Committees.

Sincerely,

Paul Wolfowitz